

GENERAL COUNSEL'S REPORT

February 25, 2015

- C. Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center, Powell (Knox County), TN — CN1206-027A

Request for modification to expand positron emission tomography (PET) services from one day a week to three days a week. This project was approved on September 26, 2012 by unanimous vote for mobile PET services one day per week with an expiration date of November 1, 2015. It was implemented April 8, 2013. The estimated project cost was \$1,298,562.00.

The applicant reports that actual volumes have exceeded projections for the second year of service by 36.3% and the cost of the scan has been reduced from the proposed \$945.00 to \$825.00 per scan.



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January 27, 2015

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: CN1206-027A – Request for Modification

Dear Ms. Hill:

We are requesting a modification to CN1206-027A for mobile positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare – North Knoxville Medical Center (NKMC). The CON was approved for one day of mobile service per week, and we are requesting to expand that service to three days per week.

In the original CON application, it was projected that with one day of service per week, NKMC would perform 250 scans in the first year and 320 in the second year of service. The actual scan volumes are shown in the chart below:

	# of scans, actual	# of scans, projected	Var from projection, over/(under)
2013 volume, March - December*	217		
2013 volume, annualized	260	250	4.0%
Average scans per day	5.0	4.8	
2014 volume	436	320	36.3%
Average scans per day	8.4	6.2	

* Service began in March, 2013

Actual volumes have exceeded the projections for the second year of service by 36.3%, and we are routinely performing more than 10 procedures per day.

Mobile services are still being provided by Alliance Healthcare Services d/b/a Alliance Imaging. The cost per scan has been reduced to \$825.00 per scan, which is a reduction from the \$945.00

per scan contract price that has been in effect since the Certificate of Need was approved and the service initiated.

NKMC is Tennova Healthcare's primary and busiest cancer center, and having PET/CT services available on-site, eliminating additional travel and inconvenience for this very sick patient population has been a significant patient and physician satisfier. After evaluating the options, we believe that the most orderly approach to expanding this service and continuing to meet the growing needs of our patients is to expand PET/CT mobile services to three days per week. This expansion request supports the needs of this busy, accredited cancer program, as well as helps us to fulfill our commitment to continue to provide high quality and accessible medical services to the people of an 11 county service area that is served by North Knoxville Medical Center.

We request that this modification be considered by the Agency during its February, 2015 meeting. Thank you for your thoughtful consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melanie B. Burgess', with a stylized, flowing script.

Melanie B. Burgess
Vice President of Development

cc: Warren Gooch, Kramer Rayson, LLP

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. **CN1206-027A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Metro Knoxville HMA Holdings, LLC dba Tennova Healthcare
200 E. Blount Avenue, Suite 600
Knoxville, TN 37920

For: Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center

This Certificate is issued for: The initiation of mobile positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare – North Knoxville Medical Center (NKMC). Mobile services are being proposed for one (1) day per week.

On the premises located at: 7551 Dannaher Way
Powell (Knox County), TN 37849

For an estimated project cost of: \$1,309,471.00

The Expiration Date for this Certificate of Need is

November 1, 2015

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: September 26, 2012


Chairman

Date Issued: October 24, 2012


Executive Director